



**TOGETHER**  
*for a sustainable future*

## OCCASION

This publication has been made available to the public on the occasion of the 50<sup>th</sup> anniversary of the United Nations Industrial Development Organisation.



**TOGETHER**  
*for a sustainable future*

## DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

## FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

## CONTACT

Please contact [publications@unido.org](mailto:publications@unido.org) for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at [www.unido.org](http://www.unido.org)



06209



Distr.  
LIMITED  
ID/WG. 201/1  
20 December 1974  
ORIGINAL: ENGLISH

United Nations Industrial Development Organization

Regional Meeting on the Development of  
Selected Branches of the Food Industry  
in Selected Countries of the Middle East

Beirut, Lebanon, 2 - 8 March 1975

RE-ESTABLISHMENT OF TOMATO-PASTE INDUSTRY PROJECT  
IN THE PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN 1/

by

Jaffer Hamed Mohammad\*

\*Industrial Section, Central Planning Commission

1/ The views and opinions expressed in this paper are those of the author and do not necessarily reflect the views of the Secretariat of UNIDO. This document has been reproduced without formal editing.

The Food Industry occupies a prominent place in the industrial sphere of the People's Democratic Republic of Yemen, since it is anticipated that its production at the end of the current quinquennial plan (1973/74 - 1978/79) will average more than 40 per cent of the total industrial production.

Amongst the important food industrial projects, the Government gives greater attention to the manufacture of tomato paste (locally), since the import of tomato from abroad costs a large amount of hard currency annually. The quantity required to cover local consumption of tomato paste for the financial year 1973/74, is estimated to be 4800 tons costing about 960 thousand Y.D. (Y.D. 1 - equal to US\$ 2.9) notwithstanding the fact that tomato paste prices are fluctuating upwards continuously.

Starting from this point, the necessity arose for erecting a tomato paste factory in the Republic to save hard currency and to serve other socio-economic goals in view of the fact that possibilities exist of providing the factory with local raw tomatoes.

It has been decided to erect the factory at the end of 1975 at an operating capacity of 4.5 tons of raw tomatoes per hour with three shifts daily and for a period of three months each year. 9730 Tons of raw tomatoes are required for such a period, to produce 1736 tons of tomato paste.

To provide the quantity of raw tomatoes required, the Ministry of Agriculture and Agrarian Reform allocated an area of 2000 acres for growing the tomatoes suitable for manufacturing purposes, since the tomatoes grown presently do not provide any surplus over and above the present direct consumption of raw tomatoes. (Production of an acre is 5 tons of tomatoes, however, it is anticipated that steps will be taken during the current quinquennial plan to increase the crop return). The cost of one ton of raw tomato is Y.D. 21/500 fils. This cost is high, due to the low yield per acre. However, studies testify to the feasibility of erecting the factory, despite the high cost of growing tomatoes locally, when compared to importing the paste from abroad, aside from taking measures (as mentioned above) to increase the crop return and consequent reduction of cost per ton of tomatoes.

However, the basic problem is that tomatoes are not grown in the Republic for more than one season (i.e. three months) per year. This means that the supplies of local raw tomatoes to the factory will consequently be limited to three months only. Specialized experts disregard the idea of cultivating tomatoes in different areas of the Republic with suitable climatic conditions in view of the fact that the location of the factory must be near to the main tomato growing areas (from an economic point of view).

Several proposals have been made as to the possible ways of making the factory operate during the remaining nine month period through utilizing it to manufacture other kinds of canned fruits such as papaya or the production of marmalades or through importing concentrated tomatoes and subsequently packing and canning them locally. However, all these proposals are still being held under consideration.

The cost of the factory is estimated to be about 414.5 thousand Dinars, divided as follows:

|  | <u>Dinars</u>  |
|--|----------------|
| Establishment Expenditure - fixed assets | 23,000         |
| Land                                     | 2,800          |
| Buildings                                | 130,000        |
| Machinery and Equipment                  | 140,000        |
| Furniture                                | 1,700          |
| Operating Capital                        | <u>117,000</u> |
| Grand Total                              | <u>414,500</u> |

The project will be financed by the state and will employ 36 work-hands. It will (not counting other products that will be produced during the remaining nine months and which are still under study) provide about 37 per cent of the local consumption of tomato paste. This means that the establishment of the tomato paste factory in addition to its being an industrial development project, will serve to expand the industrial foundation in the country and also save an amount of US\$ 1200 thousand or more annually, taking into account the continuous increase of international market prices of tomato paste, and the fact that the rate of the local raw material and wages will reach to more than 60 per cent of the production costs.

Summary

Erection of a tomato paste factory is considered a first step for providing the local market demands of same with a locally-made product. It is expected that a second production line will be added to the factory in the future, or another new factory erected for the production of tomato paste to satisfy local demands of same completely and that following creation of the possibility of providing all the raw tomatoes needed by the factory, locally.

It is anticipated to send some local technicians abroad for training in the production technology of tomato paste to improve the quality of production and cut production waste to the lowest possible minimum.

The local production is expected to be protected against foreign competition through reducing imports from abroad and also through the introduction of price sealing in its favour. 7

TABLE 1

SUGAR

Imports = Consumption

| Year | Q<br>Thousand Cwt | V<br>Thousand Dinars |
|------|-------------------|----------------------|
| 67   | 806               | 959                  |
| 68   | 1231              | 2048                 |
| 69   | 729               | 1445                 |
| 70   | 710               | 1542                 |
| 71   | M Tons 26         | 1535                 |
| 72   | " 21              | 1611                 |
| 73   | " 29              | 2685                 |

TABLE 2

VEGETABLE OIL

Imports = Consumption

| Year | Q<br>Thousand Gallons | V<br>Thousand Dinars |
|------|-----------------------|----------------------|
| 67   | 1311                  | 654                  |
| 68   | 945                   | 513                  |
| 69   | 1160                  | 618                  |
| 70   | 522                   | 331                  |
| 71   | 448                   | 275                  |
| 72   | 778                   | 377                  |
| 73   | 619                   | 326                  |

TABLE 3

V E G E T A B L E S Reserved

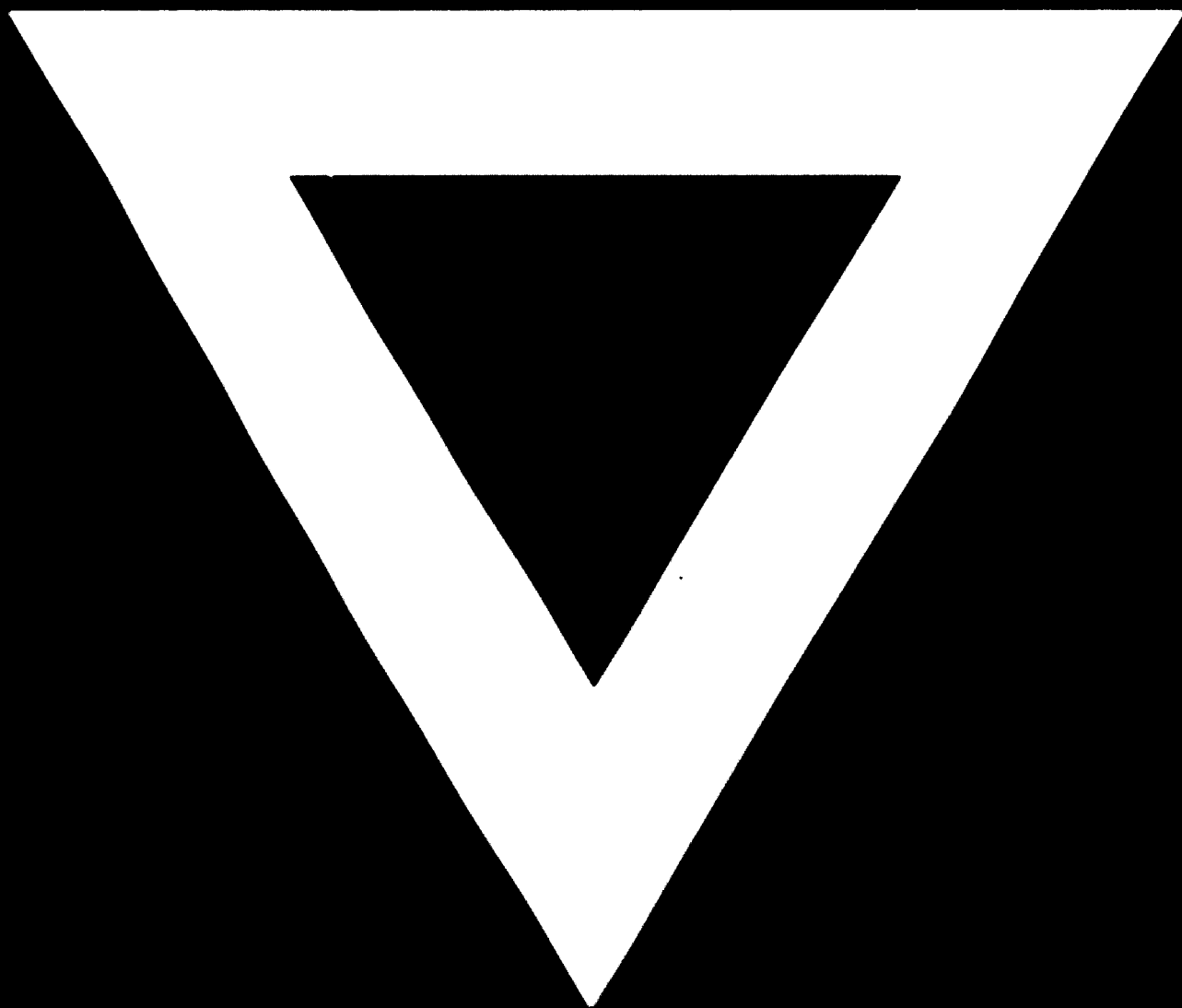
Imports = Consumption

| Year | Q<br>Thousand Cwt | V<br>Thousand Dinars |
|------|-------------------|----------------------|
| 67   | 85                | 379                  |
| 68   | 126               | 635                  |
| 69   | 99                | 517                  |
| 70   | 96                | 485                  |
| 71   | tons 2.6          | 332                  |
| 72   | " 3.6             | 393                  |
| 73   | " 3.4             | 556                  |

Source: 1. The year book of the Foreign Trade  
Statistics 1967-69

2. Trade Bulletins of 1970 - 71 & 72.





**75.08.11**